

***EAST BATON ROUGE PARISH  
CLERK OF COURT***

***AUDITED FINANCIAL STATEMENTS***

***Years Ended June 30, 2007 and 2006***

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/5/08

RECEIVED  
LEGISLATIVE AUDITOR  
2007 DEC 28 AM 9:10

**CHESTEEN & ASSOCIATES, L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT**

**TABLE OF CONTENTS**

	<u>PAGE</u>
Independent Auditors' Report	1-2
Report On Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit Of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3-4
Management's Discussion and Analysis	5-9
Basic Financial Statements:	
Government Wide Financial Statements:	
Statements of Net Assets	10
Statements of Activities	11
Fund Financial Statements:	
Balance Sheets-Governmental Fund	12
Statements of Revenues, Expenditures And Changes In Fund Balance-Governmental Fund	13-14
Statements of Fiduciary Net Assets-Agency Funds	15-16
Notes To The Financial Statements	17-27
Required Supplementary Information:	
Budgetary Comparison Schedules-General Fund (Salary Fund)	28-29
Schedule of Findings and Responses	30
Schedule Of Prior Year Audit Findings and Responses	31





H.E. Chesteen, III, CPA  
Rhonda G. Whittington, CPA  
Thomas J. Beck, CPA

*Members of:*  
*American Institute of*  
*Certified Public Accountants*  
*Society of Louisiana*  
*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

Honorable Doug Welborn  
East Baton Rouge Parish Clerk of Court  
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the East Baton Rouge Parish Clerk of Court, as of and for the years ended June 30, 2007 and 2006, as listed in the table of contents. These basic financial statements are the responsibility of the East Baton Rouge Parish Clerk of Court's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Due to the East Baton Rouge Parish Clerk of Court's inability to reconcile the individual suit balances in its Advance Deposit Fund with the corresponding unsettled deposits liability of \$23,252,889 and \$21,673,144 recorded on its statement of fiduciary net assets at June 30, 2007 and 2006, we were unable to satisfy ourselves, by any auditing procedures, as to the reasonableness of the accounts receivable and unsettled deposits account balances recorded in this fund at June 30, 2007 and 2006. These account balances, which are recorded in the Advance Deposit Fund, represented approximately 10% and 62% and 10% and 62% of the total fiduciary funds' assets and liabilities, respectively, at June 30, 2007 and 2006. The effect on the financial statements of not reconciling these individual suit balances cannot be reasonably determined.

In our opinion, based on our audit, except for the effects of any adjustments that might be required with respect to the Advance Deposit Fund discussed in the preceding paragraph, the basic financial statements referred to above present fairly, in all material respects, the financial position of the East Baton Rouge Parish Clerk of Court, as of June 30, 2007 and 2006, and the results of its operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.



In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007, on our consideration of the East Baton Rouge Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information on pages 5 through 9 and 28 through 29, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the East Baton Rouge Parish Clerk of Court. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Chester & Associates, LLC*

Baton Rouge, Louisiana  
December 14, 2007



**CHESTEEN & ASSOCIATES, L.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

H.E. Chesteen, III, CPA  
Rhonda G. Whittington, CPA  
Thomas J. Beck, CPA

*Members of:*  
*American Institute of*  
*Certified Public Accountants*  
*Society of Louisiana*  
*Certified Public Accountants*

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Doug Welborn  
East Baton Rouge Parish Clerk of Court  
Baton Rouge, Louisiana

We have audited the basic financial statements of the East Baton Rouge Parish Clerk of Court as of and for the year ended June 30, 2007 and have issued our report thereon dated December 14, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the East Baton Rouge Parish Clerk of Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Baton Rouge Parish Clerk of Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Clerk of Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the East Baton Rouge Parish Clerk of Court's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the East Baton Rouge Parish Clerk of Court's financial statements that is more than inconsequential will not be prevented or detected by the East Baton Rouge Parish Clerk of Court's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. The deficiency is described in the schedule as Finding 1.



responses to be a significant deficiency in internal control over financial reporting. The deficiency is described in the schedule as Finding 1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the East Baton Rouge Parish Clerk of Court's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The East Baton Rouge Parish Clerk of Court's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit East Baton Rouge Parish Clerk of Court's response and, accordingly, we express no opinion on it.

This report is intended for the information of the East Baton Rouge Parish Clerk of Court, management of the East Baton Rouge Parish Clerk of Court, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

*Chertus & Associates, LLC*

Baton Rouge, Louisiana  
December 14, 2007



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2007**

Our discussion and analysis of the East Baton Rouge Parish Clerk of Court's (hereafter referred to as the Clerk) financial performance provides an overview of the Clerk's financial activities for the fiscal year ended June 30, 2007.

The Management's Discussion and Analysis is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999.

**FINANCIAL HIGHLIGHTS**

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2007, the Clerk's net assets increased by \$1,982,439, and resulted in ending net assets of \$10,493,456, or an increase of 23 percent over 2006.

Total spending for the business-type activity was \$13,587,543 for the year, which was \$1,982,439 less than the fees and costs charged and the contributions received for this activity, \$15,569,982.

The interest earned on checking accounts and investments in certificates of deposit was \$1,328,541 for the year.

**USING THIS ANNUAL REPORT**

This report consists of a series of financial statements. The Statements of Net Assets and the Statements of Activities found on pages 10 and 11 provide information about the financial activities of the Clerk and illustrate a longer-term view of the Clerk's finances. Fund financial statements start on page 12. For business-type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report the Clerk's operations in more detail than the government-wide statements by providing information about the Clerk's significant funds.

The Clerk's independent auditors attest in their report that the Basic Financial Statements are fairly stated. The auditors are providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditors' report.

**REPORTING THE CLERK AS A WHOLE, THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES**

Our analysis of the Clerk as a whole begins on page 10. These statements help to illustrate the status of the Clerk resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.



The Clerk's net assets are determined by examining the difference in assets and liabilities. The two statements report the Clerk's net assets and any changes in them. Examining the Clerk's net assets is an effective way to determine the financial status of the Clerk. Increases and decreases in net assets are an indicator of the Clerk's overall increasing or decreasing financial performance.

In the Statement of Net Assets and the Statement of Activities, the Clerk reports only business-type activities. The majority of the Clerk's activities are of this type, and costs and fees for services to the public finance most of the activities.

## REPORTING THE CLERK'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS

The analysis of the Clerk's major funds begins on page 12. The fund financial statements provide detailed information about the most significant funds rather than the Clerk as a whole. In the operation of the Clerk's office, some funds are established and governed by Louisiana Revised Statutes. The Fiduciary Fund is an example of this type of fund, which includes the Advance Deposit Fund, the Registry of the Court Fund, and the Bond Fund. Other funds of the Clerk have been established within the office's accounting system to aid in management and to designate funding for specific purposes.

The Clerk uses a governmental type fund. Most of the Clerk's services are reported in this governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Clerk's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statement.

The Clerk is the trustee, or fiduciary, for other assets that, because of their fiduciary nature, can be used only for the trust beneficiaries. All of the Clerk's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 15. We exclude these activities from the Clerk's other financial statements because the Clerk cannot use these assets to finance its operations. The Clerk is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE CLERK AS A WHOLE

### BUSINESS-TYPE ACTIVITY

The Clerk's net assets increased \$1,982,439 as a result of this year's operations resulting in ending net assets of \$10,493,456, or an increase of 23 percent. The balance in net assets represents the accumulated results of all past years' operations. Unrestricted net assets (the part of net assets that can be used to finance daily operations without legal restrictions or obligations) changed from a \$4,095,123 surplus to a \$6,660,669 surplus at year-end. The Clerk can use these funds to finance the continuing operations of the office. This means that if we had to pay off all of our bills today, we would have \$6,660,669 left.



**Table 1**  
**Net Assets**

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 8,376,250	\$ 5,508,805
Capital assets	<u>3,832,787</u>	<u>4,415,894</u>
Total assets	<u>12,209,037</u>	<u>9,924,699</u>
Other liabilities	<u>1,715,582</u>	<u>1,413,682</u>
Total liabilities	<u>1,715,582</u>	<u>1,413,682</u>
Net assets:		
Invested in capital assets	3,832,787	4,415,894
Unrestricted	<u>6,660,669</u>	<u>4,095,123</u>
Total net assets	<u>\$ 10,493,456</u>	<u>\$ 8,511,017</u>

The Clerk's total revenues for the year increased \$2,399,068 or 18 percent. This included \$13,980,458 in charges for services and licenses and permits, \$260,931 in operating contributions, and \$1,328,593 in interest income and miscellaneous income. The total cost of all programs and services was \$13,587,543 with no new programs added this year.

**Table 2**  
**Changes in Net Assets**

	<u>2007</u>	<u>2006</u>
Revenues		
Program revenues	\$13,980,458	\$11,934,912
Other revenues	<u>1,589,524</u>	<u>1,236,002</u>
Total revenues	<u>15,569,982</u>	<u>13,170,914</u>
Program expenses		
Total expenses	<u>13,587,543</u>	<u>13,653,974</u>
Increase (decrease) in net assets	<u>\$ 1,982,439</u>	<u>\$ (483,060)</u>

### THE CLERK'S FUNDS

As previously mentioned, the Clerk uses funds to help control and manage money for particular purposes. At the completion of the year, the Clerk's governmental fund reported a fund balance of \$7,219,000. This reflects an increase of \$2,645,054 from last year.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The Clerk's budget was not revised during the last year.



The actual expenditures were \$636,172 under the final budgeted amounts.

On the other hand, resources available for expenditure were \$3,008,082 above the final budgeted amount.

The Clerk's General Fund balance of \$7,219,000 reported on page 12 differs from the General Fund's budgetary fund balance of \$3,574,746 reported in the budgetary comparison schedule on page 28.

### CAPITAL ASSETS

At the end of the year, the Clerk has \$3,832,787 invested in capital assets, including furniture, equipment, and improvements. This year there were additions of \$104,094 and no disposals, reflecting a net increase in capital assets of \$104,094. More detailed information about the Clerk's capital assets is presented in Note 4 of the financial statements.

**Table 3**  
**Capital Assets at Year-end**  
**(Net of Accumulated Depreciation)**

	<u>2007</u>	<u>2006</u>
Furniture, equipment, and improvements	<u>\$3,832,787</u>	<u>\$4,415,894</u>

### DEBT

At year-end, the Clerk had no debt outstanding.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Clerk has limited discretion in setting fees and costs for services provided, the majority of which are regulated by Louisiana Revised Statutes. The office staff and costs have been largely stable for the past several years, and are expected to remain so.

The Clerk's office has undertaken an ambitious program for technology enhancements and upgrades to the various functions and services provided by the office. It is planned as a multi-year project requiring substantial investment of funds by the Clerk's office. During 2008, the Clerk's office anticipates the implementation of Phase III of this on-going endeavor. The expenditures on this project for 2008 will be mainly on software and the imaging of land records from 1895 through 2006, converting microfilm images to digital images. Original documents from January 1, 2007, forward will be scanned on site to digital images. The whole project will involve the conversion of approximately 10,000,000 images and is anticipated to take from nine months to one year to complete.

The City of Baton Rouge/Parish of East Baton Rouge absorbs some of the operating expenses of the Clerk's office by providing office space for the Clerk. Taking all factors into consideration, the Clerk's general fund balance is expected to remain about the same by the close of 2008.



### CONTACTING THE CLERK'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Clerk's finances and to show the Clerk's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Doug Welborn, East Baton Rouge Parish Clerk of Court, Post Office Box 1991, Baton Rouge, Louisiana 70821.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
STATEMENTS OF NET ASSETS  
JUNE 30, 2007 AND 2006**

	BUSINESS-TYPE ACTIVITIES GENERAL FUND	
	<u>2007</u>	<u>2006</u>
<b><u>ASSETS</u></b>		
Assets:		
Cash	\$ 6,689,082	\$ 4,131,606
Certificates of deposit	640,000	640,000
Accounts receivable	836,831	483,639
Miscellaneous receivables	131,532	181,805
Due from other funds	78,806	71,755
Capital assets, net of depreciation	<u>3,832,787</u>	<u>4,415,894</u>
 Total assets	 <u>\$ 12,209,037</u>	 <u>\$ 9,924,699</u>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable	\$ 484,185	\$ 274,030
Accrued insurance claims	324,927	296,403
Payroll withholdings and other accrued expenses	348,139	364,426
Annual leave payable	<u>558,331</u>	<u>478,823</u>
 Total liabilities	 <u>1,715,582</u>	 <u>1,413,682</u>
 Net assets		
Investment in capital assets	3,832,787	4,415,894
Unrestricted	<u>6,660,669</u>	<u>4,095,123</u>
 Total net assets	 <u>10,493,456</u>	 <u>8,511,017</u>
 Total liabilities and net assets	 <u>\$ 12,209,037</u>	 <u>\$ 9,924,699</u>

The accompanying notes are an integral part of these financial statements.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2007 AND 2006**

	<u>GENERAL GOVERNMENT</u>	
	<u>2007</u>	<u>2006</u>
<b><u>EXPENSES</u></b>		
Salaries, wages, and benefits	\$ 10,678,790	\$ 10,815,278
Materials and supplies	760,082	623,329
Depreciation expense	687,201	728,058
Travel	30,414	62,088
Operating services	<u>1,431,056</u>	<u>1,425,221</u>
Total expenses	13,587,543	13,653,974
<b><u>REVENUES</u></b>		
Program revenues:		
Charges for services	13,935,756	11,875,186
Licenses and permits	<u>44,702</u>	<u>59,726</u>
Total program revenues	<u>13,980,458</u>	<u>11,934,912</u>
Net program (expense) revenue	392,915	(1,719,061)
General revenues:		
Grants and contributions	260,931	262,571
Unrestricted interest income	1,328,541	973,772
Miscellaneous	<u>52</u>	<u>(341)</u>
Total general revenues	<u>1,589,524</u>	<u>1,236,002</u>
Change in net assets	1,982,439	(483,060)
Net assets-beginning of the year	<u>8,511,017</u>	<u>8,994,077</u>
Net assets-end of the year	<u>\$ 10,493,456</u>	<u>\$ 8,511,017</u>

The accompanying notes are an integral part of these financial statements.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
BALANCE SHEETS-GOVERNMENTAL FUND  
JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<u>Assets:</u>		
Cash	\$ 6,689,082	\$ 4,131,606
Certificates of deposit	640,000	640,000
Accounts receivable	836,831	483,639
Miscellaneous receivables	131,532	181,805
Due from other funds	<u>78,806</u>	<u>71,755</u>
 Total assets	 \$ 8,376,251	 \$ 5,508,805
 <b>LIABILITIES AND FUND BALANCE</b>		
<u>Liabilities:</u>		
Accounts payable	\$ 484,185	\$ 274,030
Accrued insurance claims	324,927	296,403
Payroll withholdings and other accrued expenses	<u>348,139</u>	<u>364,426</u>
 Total liabilities	 <u>1,157,250</u>	 <u>934,859</u>
 Fund balance:		
Fund balance-Unreserved	<u>7,219,000</u>	<u>4,573,946</u>
 Total fund balance	 <u>7,219,000</u>	 <u>4,573,946</u>
 Total liabilities and fund balance	 \$ 8,376,251	 \$ 5,508,805
 Amounts reported for business-type activities in the statement of net assets are different because:		
Capital assets used in business-type activities are not financial resources and therefore are not reported in the fund.	3,832,787	4,415,894
Annual leave payable may not be due in the current period and therefore, is not reported in the fund.	<u>(558,331)</u>	<u>(478,823)</u>
 Net assets of business-type activity	 \$ 10,493,456	 \$ 8,511,017

The accompanying notes are an integral part of these financial statements.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
YEARS ENDED JUNE 30, 2007 AND 2006**

	GENERAL FUND (SALARY FUND)	
	<u>2007</u>	<u>2006</u>
<b><u>REVENUES</u></b>		
Charges for services	\$ 13,935,756	\$ 11,875,186
Licenses and permits	44,702	59,726
Miscellaneous	260,983	262,230
Interest income	<u>1,328,541</u>	<u>973,772</u>
Total revenues	15,569,982	13,170,913
<b><u>EXPENDITURES</u></b>		
Salaries, wages, and benefits	10,599,282	10,781,571
Materials and supplies	760,082	623,329
Travel	30,414	62,088
Operating services	1,431,056	1,425,221
Capital outlay	<u>104,094</u>	<u>418,488</u>
Total expenditures	12,924,928	13,310,697
Change in fund balance	2,645,054	(139,784)
Fund balance-beginning of the year	<u>4,573,946</u>	<u>4,713,729</u>
Fund balance-end of the year	<u>\$ 7,219,000</u>	<u>\$ 4,573,946</u>

The accompanying notes are an integral part of these financial statements.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL ACTIVITY  
YEARS ENDED JUNE 30, 2007 AND 2006**

	GENERAL FUND (SALARY FUND)	
	2007	2006
Net change in fund balance-governmental fund	\$ 2,645,054	\$ (139,784)
Amounts reported for business-type activities in the statement of activities are different because:		
Increase in long-term obligation for compensated absences.	(79,508)	(33,707)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in 2007 and capital outlays exceeded depreciation expense in 2006.	(583,107)	(309,570)
Change in net assets of the business-type activity	\$ 1,982,439	\$ (483,060)

The accompanying notes are an integral part of these financial statements.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
STATEMENT OF FIDUCIARY NET ASSETS-AGENCY FUNDS  
JUNE 30, 2007**

	ADVANCE DEPOSIT FUND	REGISTRY OF THE COURT FUND	BOND FUND	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>				
Assets:				
Cash	\$ 16,799,825	\$ 11,730,826	\$ 2,147,294	\$ 30,677,944
Certificates of deposit	2,600,000	150,012	13,764	2,763,775
Accounts receivables	3,910,241	-	-	3,910,241
Miscellaneous receivables	21,630	-	-	21,630
Total assets	<u>\$ 23,331,696</u>	<u>\$ 11,880,837</u>	<u>\$ 2,161,058</u>	<u>\$ 37,373,591</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	78,806	-	-	78,806
Unsettled deposits	23,252,890	11,880,837	2,161,058	37,294,784
Total liabilities	<u>23,331,696</u>	<u>11,880,837</u>	<u>2,161,058</u>	<u>37,373,591</u>
Net assets				
Net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 23,331,696</u>	<u>\$ 11,880,837</u>	<u>\$ 2,161,058</u>	<u>\$ 37,373,591</u>

The accompanying notes are an integral part of these financial statements.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
STATEMENT OF FIDUCIARY NET ASSETS-AGENCY FUNDS  
JUNE 30, 2006**

	ADVANCE DEPOSIT FUND	REGISTRY OF THE COURT FUND	BOND FUND	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>				
<b>Assets:</b>				
Cash	\$ 15,661,293	\$ 10,921,076	\$ 1,970,486	\$ 28,552,855
Certificates of deposit	2,600,000	148,118	21,576	2,769,694
Accounts receivables	3,464,645	-	-	3,464,645
Miscellaneous receivables	18,961	-	-	18,961
<b>Total assets</b>	<b>\$ 21,744,899</b>	<b>\$ 11,069,194</b>	<b>\$ 1,992,062</b>	<b>\$ 34,806,154</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	-
Due to other funds	71,755	-	-	71,755
Unsettled deposits	21,673,144	11,069,194	1,992,062	34,734,400
<b>Total liabilities</b>	<b>21,744,899</b>	<b>11,069,194</b>	<b>1,992,062</b>	<b>34,806,154</b>
<b>Net assets</b>				
Net assets	-	-	-	-
<b>Total net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and net assets</b>	<b>\$ 21,744,899</b>	<b>\$ 11,069,194</b>	<b>\$ 1,992,062</b>	<b>\$ 34,806,154</b>

The accompanying notes are an integral part of these financial statements.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court (Clerk) serves as the ex-officio notary public and the parish recorder of conveyances, mortgages, and other acts, and has other duties and powers provided by law. The Clerk is elected for a term of four years.

**A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the East Baton Rouge Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

**B. REPORTING ENTITY**

The Clerk is an independently elected official; however, the Clerk is fiscally dependent on the City of Baton Rouge/Parish of East Baton Rouge (City/Parish). The City/Parish maintains and operates the parish courthouse in which the Clerk's offices are located and provides funds for various expenditures of the Clerk's office. Because the Clerk is fiscally dependent on the City/Parish, the Clerk was determined to be a component unit of the City of Baton Rouge/Parish of East Baton Rouge, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Clerk and do not present information on the City/Parish, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS**

The Clerk's basic financial statements include both government-wide (reporting the Clerk's office as a whole) and fund financial statements (reporting the Clerk's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Clerk's general administrative services are classified as business-type activities.

In the government-wide Statement of Net Assets, the business-type column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Statement of Net Assets includes all funds of the Clerk's office except for fiduciary funds. The Clerk's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Clerk first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Clerk's functions. The net costs by function are normally covered by general revenue.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

This government-wide focus is more on the sustainability of the Clerk as an entity and the change in the Clerk's net assets resulting from the current year's activities.

**D. BASIC FINANCIAL STATEMENTS—FUND FINANCIAL STATEMENTS**

The financial transactions of the Clerk are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Clerk uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Funds of the Clerk are classified into two categories: governmental (general fund) and fiduciary (agency funds). These funds are described as follows:

**General Fund (Salary)**

This fund accounts for all or most of the operations of the Clerk's office. The focus of the governmental fund's measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. Expendable assets are assigned to funds according to the purpose for which they may be used. Current liabilities are assigned to funds from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period operations of the Clerk's office. The following is a description of the governmental fund of the Clerk:

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk and accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Clerk's policies.

**Agency Funds**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support the Clerk's programs. The reporting focus is on net assets and changes in net assets are reported using accounting principles similar to proprietary funds. The Advance Deposit Fund, Registry of the Court Fund, and Bond Fund, are agency funds used to account for assets held as an agent for litigants pending court action. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

The emphasis in fund financial statements is on the major funds in the business-type activities categories.

The Clerk's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third party (private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**E. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**1. Accrual:**

Business-type activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**F. BUDGET PRACTICES**

The proposed budgets were made available for public inspection for the fiscal years beginning July 1, 2006, and ending June 30, 2007, and July 1, 2005, and ending June 30, 2006, on June 20, 2006, and June 4, 2005, respectively, at the Clerk's office.

The proposed budgets, prepared on the modified accrual basis of accounting, were published in the official journal 15 days prior to the public hearings. Public hearings were held at the Clerk's office in room #179 on June 30, 2006, and June 20, 2005, for comments from taxpayers. The proposed budgets are legally adopted and amended, as necessary, by the Clerk. All appropriations lapse at year-end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments, if any.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**G. FINANCIAL STATEMENT AMOUNTS**

**1. Cash and Cash Equivalents:**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The Clerk has defined cash and cash equivalents to include cash on hand, demand deposits, and time deposits with original maturities of 90 days or less. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Clerk may deposit funds in demand deposits, interest-bearing demand deposits, or certificates of deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**2. Investments:**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Clerk's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase.

**3. Capital Assets:**

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

Improvements	7 years
Furniture and Equipment	5-10 years

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes.

**4. Revenues:**

Substantially all governmental fund revenues are accrued.

**5. Expenditures:**

Expenditures are recognized when the related fund liability is incurred.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**6. Compensated Absences:**

The Clerk accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

**H. ACCOUNTS RECEIVABLE**

Bad debts are charged to operations during the year in which the account is deemed uncollectible. If the reserve method of accounting for uncollectible accounts had been used, it would not have had a material effect on the financial statements.

**I. COMPENSATED ABSENCES**

The Clerk has the following policy related to annual and sick leave:

Annual leave is determined by the number of years of service and accrues each pay period. Accrued annual leave is carried over from year to year, with no limit on the amount that may be accumulated. Upon termination of employment for any cause, an employee will be paid for accrued annual leave not to exceed 280 hours.

Regardless of the number of years of service, sick leave amounts to twelve days per year and accumulates each pay period. Sick leave carries over from year to year, with no limit on the amount that may be accumulated. Upon termination of employment for any cause, an employee will not be paid for any accumulated sick leave.

At June 30, 2007, and 2006, employees of the Clerk had accumulated and vested \$558,331 and \$478,823, respectively, of annual leave benefits, which was computed in accordance with Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*.

**J. TOTAL COLUMN ON THE FINANCIAL STATEMENTS**

The total column on the statement of fiduciary net assets-agency funds is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**K. ENCUMBRANCES**

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of that appropriation, is not employed by the Clerk.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**L. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2: CASH**

At June 30, 2007 and 2006, the Clerk has cash and cash equivalents totaling as follows:

	<u>2007</u>	<u>2006</u>
Petty cash	\$ 2,225	\$ 2,225
Interest-bearing demand deposit	37,364,801	33,292,079
Certificates of deposit	<u>3,403,775</u>	<u>3,409,694</u>
	<u>\$40,770,801</u>	<u>\$36,703,998</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits or the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**Custodial Credit Risk-Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Clerk's deposits may not be returned to it. The Clerk's office does not have a deposit policy for custodial credit risk. As of June 30, 2007, and 2006, none of the Clerk's deposits were exposed to custodial credit risk because all deposits were insured by FDIC insurance or collateralized by securities held by the Federal Reserve Bank in a three way custodial account.

**NOTE 3: RECEIVABLES**

The receivables at June 30, 2007 and 2006, consisted of the following:

	<u>2007</u>	<u>2006</u>
Class of receivables:		
Trade accounts	\$ 836,831	\$ 483,639
Miscellaneous	<u>131,532</u>	<u>181,805</u>
Total	<u>\$ 968,363</u>	<u>\$ 665,444</u>



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4: CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

<u>2007</u>	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
Furniture, Equipment, and Improvements	\$8,309,446	\$ 104,094	\$ -	\$8,413,540
Less accumulated depreciation	<u>3,893,552</u>	687,201	-	<u>4,580,753</u>
Capital assets, net	<u>\$4,415,894</u>			<u>\$3,832,787</u>
 <u>2006</u>	 <u>Balance</u> <u>July 1, 2005</u>	 <u>Additions</u>	 <u>Deletions</u>	 <u>Balance</u> <u>June 30, 2006</u>
Furniture, Equipment, and Improvements	\$7,890,957	\$ 418,489	\$ -	\$8,309,446
Less accumulated depreciation	<u>3,165,494</u>	728,058	-	<u>3,893,552</u>
Capital assets, net	<u>\$4,725,463</u>			<u>\$4,415,894</u>

**NOTE 5: PENSION PLAN**

**Plan description**

All eligible employees of the Clerk are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer public employee defined benefit pension plan administered by a separate board of trustees.

All regular employees are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of credited service prior to July 1, 1999, and 3.33% for each year of credited service after June 30, 1999, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**Funding Policy**

Plan members are required by state statute to contribute 8.25% of their annual covered salary and, the Clerk is required to contribute at an actuarially determined rate. The current rate is 16.75%. Contributions to the System also included one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Clerk are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Clerk's contributions to the System for the years ended June 30, 2007, 2006, and 2005, were \$1,024,856, \$974,942, and \$890,798, respectively, and were equal to the required contributions for each year.

Effective July 1, 1999, the Clerk could elect to pay all or a portion of the 8.25% employee retirement contribution, which would otherwise be deducted from the employees' salaries. This election can be changed annually by the Clerk. The Clerk elected to implement this policy for the years ended June 30, 2007, 2006, and 2005. The contributions to the System under this election were \$492,575, \$486,523, and \$480,903, respectively for the years ended in 2007, 2006, and 2005.

**NOTE 6: OTHER POSTEMPLOYMENT BENEFITS**

The Clerk provides certain health care and life insurance benefits for retired employees. Substantially all of the Clerk's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk. These benefits for retirees and similar benefits for active employees are provided through the Clerk's self-funded employee medical benefit plan whose monthly premiums are paid jointly by the employee and the Clerk. The Clerk recognizes the cost of providing these benefits as an expenditure when incurred. The cost of these benefits cannot readily be separated from expenditures for similar benefits provided to active employees and their dependents and, therefore, cannot be reasonably estimated.

**NOTE 7: CHANGES IN AGENCY FUND BALANCES**

A summary of the changes in agency fund unsettled deposits for the years ended June 30, 2007 and 2006 follows:

<u>2007</u>	Advance Deposit Fund	Registry of the Court	Bond Fund	Total
Unsettled deposits beginning of year	<u>\$ 21,673,144</u>	<u>\$ 11,069,194</u>	<u>\$ 1,992,062</u>	<u>\$ 34,734,400</u>
Additions:				
Deposits	12,143,650	6,301,204	535,888	18,980,742
Interest earned	-	401,239	78,045	479,284
Total additions	<u>12,143,650</u>	<u>6,702,443</u>	<u>613,933</u>	<u>19,460,026</u>
Reductions:				
Clerk's costs	5,870,159	-	-	5,870,159



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

Settlements to litigants	-	5,890,800	444,937	6,335,737
Refunds	1,072,878	-	-	1,072,878
Other	3,620,868	-	-	3,620,868
Total reductions	10,563,905	5,890,800	444,937	16,899,642
Unsettled deposits end of year	<u>\$ 23,252,889</u>	<u>\$ 11,880,837</u>	<u>\$ 2,161,058</u>	<u>\$ 37,294,784</u>

<u>2006</u>	Advance Deposit Fund	Registry of the Court	Bond Fund	Total
Unsettled deposits beginning of year	<u>\$ 20,337,211</u>	<u>\$ 10,606,558</u>	<u>\$ 2,478,449</u>	<u>\$ 33,422,218</u>
Additions:				
Deposits	9,353,097	15,905,879	690,574	25,949,550
Interest earned	-	298,606	65,184	363,790
Total additions	<u>9,353,097</u>	<u>16,204,485</u>	<u>755,758</u>	<u>26,313,340</u>
Reductions:				
Clerk's costs	3,809,510	-	-	3,809,510
Settlements to litigants	-	15,741,849	1,242,145	16,983,994
Refunds	1,300,184	-	-	1,300,184
Other	2,907,470	-	-	2,907,470
Total reductions	<u>8,017,164</u>	<u>15,741,849</u>	<u>1,242,145</u>	<u>25,001,158</u>
Unsettled deposits end of year	<u>\$ 21,673,144</u>	<u>\$ 11,069,194</u>	<u>\$ 1,992,062</u>	<u>\$ 34,734,400</u>

**NOTE 8: CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of the long-term liabilities transactions during the year:

<u>2007</u>	Balance July 1, 2006	Additions	Reductions	Balance June 30, 2007
Compensated absences	\$ 478,823	\$ 79,508	-	\$ 558,331
Total	<u>\$ 478,823</u>	<u>\$ 79,508</u>	<u>\$ -</u>	<u>\$ 558,331</u>

<u>2006</u>	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006
Compensated absences	\$ 445,116	\$ 33,707	-	\$ 478,823
Total	<u>\$ 445,116</u>	<u>\$ 33,707</u>	<u>\$ -</u>	<u>\$ 478,823</u>

**NOTE 9: EXCESS FUND BALANCE**

Louisiana R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk must pay the parish treasurer the portion of the general fund's fund balance that exceeds one-half of the revenues earned during the Clerk's last year of his or her term of office. At June 30, 2006 and 2005, there was no amount due the parish treasurer as this was not the last year of the Clerk's four year term of office, and no determination of the amount that will be due, if any, can be made at this time.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10: RISK MANAGEMENT**

The Clerk is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Clerk carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Workmens' compensation coverage is maintained by paying premiums to a commercial insurance carrier. The premium is based upon accident history and administrative costs.

The Clerk provides health care benefits for its employees through its self-funded employee medical benefit plan. This program provides employee health benefit coverage up to \$45,000 per insured per year. The Clerk purchases commercial insurance for claims in excess of this annual threshold. Several claims exceeded the commercial threshold during the fiscal year ended June 30, 2006.

The claims liabilities of \$324,927 and \$296,403 reported at June 30, 2007 and 2006, is based on the requirement of Government Accounting Standards Board Statement 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

As required by GASB 10, a reconciliation of the unpaid claims liability is shown below:

	<u>2007</u>	<u>2006</u>
Unpaid claims and claim adjustment expenses at beginning of year	\$ 296,403	\$ 186,203
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	2,113,674	2,140,181
Increase (decrease) in provision for insured events of prior fiscal years	<u>(45,172)</u>	<u>(25,514)</u>
Total incurred claims and claim adjustment expenses	2,068,502	2,114,667
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	1,788,747	1,843,778
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>251,231</u>	<u>160,689</u>
Total payments	<u>2,039,978</u>	<u>2,004,467</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 324,927</u>	<u>\$ 296,403</u>

**NOTE 11: DEFERRED COMPENSATION PLAN**

The Clerk adopted two Internal Revenue Code Section 457 deferred compensation plans, one in November 1993 and the other in September 1997. The plans, available to all Clerk employees, permit them to defer a portion of their salary until future periods. Participation in the plan is optional. Effective with the first payroll



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

in 2005, the Clerk has offered a match up to 6 percent of employee contributions. To be eligible for the matching contribution, eligible employees must be full-time staff with benefits who are vested in the Louisiana Clerks' of Court Retirement and Relief Fund. The Clerk's contributions for the years ending June 30, 2007, and 2006, were \$129,850 and \$109,849, respectively.

**NOTE 12: COMMITMENTS AND CONTINGENCIES**

The Clerk is a defendant in a class action suit brought against each of the parish clerks of court in the state of Louisiana. The suit alleges that improper fees were charged to litigants. At June 30, 2007, based on the information available, management and counsel are of the opinion that these claims are unlikely to have any material adverse effect on the Clerk, and any liability associated with this suit could not be estimated.

The Clerk is also involved in several other legal actions, which arose during the ordinary course of business. Management believes that the Clerk has adequate legal defenses or insurance coverage with respect to each of these actions. However, the ultimate outcome of the litigation is unknown at the present time. Accordingly, no provision for any liability that might result has been made in the accompanying financial statements. In the opinion of management, the existing litigation will not materially affect the Clerk's results of operations or financial position.

**NOTE 13: EXPENSES OF THE CLERK PAID BY THE CITY-PARISH**

Certain operating expenditures of the Clerk's office are paid by the City of Baton Rouge/Parish of East Baton Rouge and are not included in the accompanying financial statements. These expenditures are summarized as follows:

Operating expenditures:	<u>2007</u>	<u>2006</u>
Juror and witness fees	<u>\$ 220,515</u>	<u>\$ 242,808</u>



## **REQUIRED SUPPLEMENTARY INFORMATION**



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND (SALARY FUND)  
YEAR ENDED JUNE 30, 2007**

	BUDGETED AMOUNTS ORIGINAL AND FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b><u>REVENUES</u></b>			
Charges for services	\$ 11,499,000	\$ 13,935,756	\$ 2,436,756
Licenses and permits	56,000	44,702	(11,298)
Miscellaneous	249,900	260,983	11,083
Interest income	757,000	1,328,541	571,541
Total revenues	12,561,900	15,569,982	3,008,082
<b><u>EXPENDITURES</u></b>			
Salaries, wages, and benefits	10,985,000	10,599,282	385,718
Materials and supplies	571,000	760,082	(189,082)
Travel	61,000	30,414	30,586
Operating services	1,244,100	1,431,056	(186,956)
Capital outlay	700,000	104,094	595,906
Total expenditures	13,561,100	12,924,928	636,172
Excess (deficiency) of revenues over expenditures	(999,200)	2,645,054	3,644,254
Budgetary fund balance-beginning of the year	4,573,946	4,573,946	-
Budgetary fund balance-end of the year	\$ 3,574,746	\$ 7,219,000	\$ 3,644,254



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE-GENERAL FUND (SALARY FUND)  
YEAR ENDED JUNE 30, 2006**

	BUDGETED AMOUNTS ORIGINAL AND FINAL	ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b><u>REVENUES</u></b>			
Charges for services	\$ 11,536,900	\$ 11,875,186	\$ 338,286
Licenses and permits	54,000	59,726	5,726
Miscellaneous	249,900	262,230	12,330
Interest income	508,000	973,772	465,772
Total revenues	12,348,800	13,170,914	822,114
<b><u>EXPENDITURES</u></b>			
Salaries, wages, and benefits	10,217,000	10,781,571	(564,571)
Materials and supplies	754,000	623,329	130,671
Travel	40,000	62,088	(22,088)
Operating services	1,154,880	1,425,221	(270,341)
Capital outlay	1,400,000	418,488	981,512
Total expenditures	13,565,880	13,310,697	255,183
Excess (deficiency) of revenues over expenditures	(1,217,080)	(139,783)	1,077,297
Budgetary fund balance-beginning of the year	4,713,729	4,713,729	-
Budgetary fund balance-end of the year	\$ 3,496,649	\$ 4,573,946	\$ 1,077,297



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2007**

**Finding 1. Inability to reconcile the individual suit balances in the Clerk's Advance Deposit Fund with the corresponding unsettled deposits liability.**

*Condition and Criteria:* The individual suit balances and the corresponding unsettled deposits liability in the Clerk's Advance Deposit Fund (Fund) cannot be reconciled. The Clerk should be able to reconcile the individual suit balances to the unsettled deposits balances in the Clerk's Advance Deposit Fund.

*Effect:* The Clerk cannot substantiate that the amount recorded as accounts receivable is actually owed to the Fund and also cannot demonstrate that the amount recorded as unsettled deposits is actually owed to others.

*Recommendation:* The Clerk's office should continue its effort to reconcile the individual suit balances and the unsettled deposits liability. It should also monitor the monthly deposits to and disbursements from the Fund during the year and investigate and reconcile any outages that occur.

*Management's Response:* (1) As reported in response to the same finding in previous audits, the Clerk's office has implemented a new accounting application to administer the Advanced Deposit Fund. The software "went live" in February 2006. The advancements afforded by the new system have significantly improved the accounting measures used in the administration of the Advanced Deposit Fund. (2) The Clerk's office has continued to monitor the monthly deposits and disbursements during the year ended June 30, 2007. No outages in the disbursements from the Fund have occurred since the new system was brought on line in February 2006. Some small outages have occurred in deposits to the Fund, however, these are believed to have been caused by timing differences between the entry of deposit information into the new system and the actual depositing of the funds to the bank. Procedures have been implemented to correct this. Since those changes to the procedures for recording and depositing funds, no outages have occurred. (3) The outage referred to in the auditors' finding is an outage between what the reconciled cash balances total and the total as calculated by the software application previously used to track these account balances. The Clerk's office is hopeful that the new software will allow them to determine an outage as June 30, 2008, and to maintain the outage at that amount. The Clerk's office will not be able to identify the cause or be able to reconcile the account without an outage of some amount being present.



**EAST BATON ROUGE PARISH CLERK OF COURT  
BATON ROUGE, LOUISIANA**

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2006**

**Finding 1. Inability to reconcile the individual suit balances in the Clerk's Advance Deposit Fund with the corresponding unsettled deposits liability.**

*Condition and Criteria:* The individual suit balances and the corresponding unsettled deposits liability in the Clerk's Advance Deposit Fund (Fund) cannot be reconciled. The Clerk should be able to reconcile the individual suit balances to the unsettled deposits balances in the Clerk's Advance Deposit Fund.

*Effect:* The Clerk cannot substantiate that the amount recorded as accounts receivable is actually owed to the Fund and also cannot demonstrate that the amount recorded as unsettled deposits is actually owed to others.

*Recommendation:* The Clerk's office should continue its effort to reconcile the individual suit balances and the unsettled deposits liability. It should also monitor the monthly deposits to and disbursements from the Fund during the year and investigate and reconcile any outages that occur.

*Management's Response:* (1) As reported in response to the same finding in previous audits, the Clerk's office has selected and implemented a new accounting application to administer the Advanced Deposit Fund. The software "went live" in February 2006. The advancements afforded by the new system will significantly improve the accounting measures used in the administration of the Advanced Deposit Fund. (2) The Clerk's office has continued to monitor the monthly deposits and disbursements for the year ended June 30, 2006, and through the current date. No outages in the deposits to the Fund or disbursements from the Fund have occurred since the new system was brought on line in February 2006. (3) The outage referred to in the auditors' finding is an outage between what the reconciled cash balances total and the total as calculated by the software application previously used to track these account balances. This is the reason that the Clerk's office is hopeful that the new software will allow them to determine an outage and to maintain the outage at that amount. The Clerk's office will not be able to identify the cause or be able to reconcile the account without an outage of some amount being present.